

Economic Impact Statement
LSA Document #12-465

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

IC 4-22-2.1-5(a) provides that an agency that intends to adopt a rule under IC 4-22-2 that will impose requirements or costs on small businesses must prepare a statement that describes the annual economic impact of the rule on small businesses after the rule is fully implemented as described in IC 4-22-2.1-5(b). That statement must be submitted to the Indiana Economic Development Corporation (IEDC). The IEDC is required to review the rule and submit written comments to the agency not later than seven days before the public hearing.

The proposed rule establishes a process to allow the commissioner to determine whether certain filings or supporting information submitted to the Indiana Department of Insurance (IDOI) are confidential. The proposed rule requires a filer to demonstrate that the filing contains a trade secret, to submit an attestation by an officer that the filing contains a trade secret and that the filing has not been made public in any other state, and to submit a filing fee of \$500. Filers must submit filings containing confidentiality requests separately from public filings. The proposed amendments require a filer to provide the commissioner with additional information, if requested, within 10 business days. Insurers will be required to maintain the filings or supporting information for the time the filing is in public use. A filer must include documentation of previous returns or withdrawals of filings containing confidentiality requests in any similar future filings containing confidentiality requests.

The proposed rule will impact property and casualty insurance companies and rating organizations or authorized third parties submitting filings to IDOI on behalf of those companies. These amendments will only affect those filers marking a filing or supporting information "confidential", "trade secret", or "proprietary" under IC 27-1-22-4(e). Companies are not required to mark filings or supporting information in this manner.

Estimated Number of Small Businesses Affected:

There are approximately 75 domestic property and casualty insurance companies writing insurance in Indiana, and 952 foreign property and casualty insurance companies writing insurance in Indiana. There are approximately 11 rating organizations filing on behalf of those insurance companies in Indiana. It is unknown how many of these property and casualty insurance companies and rating organizations meet the definition of "small business".

Estimated Administrative Costs Imposed on Small Businesses:

The proposed rule requires filers to include a filing fee of five hundred dollars (\$500) for each filing containing a confidentiality request. Insurers would also be required to maintain the filings or supporting information containing a confidentiality request for the time the filing is in public use. Estimated administrative costs filing fees and for maintaining these documents would vary greatly depending upon the size of the filing and how many filings containing confidentiality requests are made.

Estimated Total Annual Economic Impact on Small Businesses:

The total annual economic impact on small businesses is unknown. In 2011, six filings containing confidentiality requests were submitted to IDOI. Therefore, the estimated total annual economic impact of the filing fee is \$3,000. The costs for storage of the filing while it is in use would likely be de minimis.

Justification of Requirements or Costs:

The five hundred dollar (\$500) filing fee that must be included with a confidentiality request is being proposed to offset IDOI administrative expenses in reviewing such requests. Other requirements in the proposed rule are necessary provide a sufficient basis on which the commissioner may determine that the filing or supporting information is confidential under IC 27-1-22-4(e).

Regulatory Flexibility Analysis:

There are no less intrusive or less costly alternative methods for achieving the purposes of the proposed rule.

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